

# Senate Study Bill 3175

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
COMMERCE BILL BY  
CO=CHAIRPERSONS BEHN AND  
WARNSTADT)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to debt cancellation coverage offered by banks  
2 and credit unions.  
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
4 TLSB 6413XC 81  
5 eg/cf/24

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1 1 Section 1. Section 524.913, Code 2005, is amended by  
1 2 adding the following new subsection:  
1 3 NEW SUBSECTION. 3. A state bank may offer voluntary debt  
1 4 cancellation coverage, whether insurance or debt waiver, to  
1 5 consumers. The amount charged for the coverage shall be  
1 6 included in the amount financed, as defined in section  
1 7 537.1301. However, notwithstanding subsection 1, the charge  
1 8 for such coverage may be excluded from the finance charge, as  
1 9 defined in section 537.1301.  
1 10 Sec. 2. Section 533.16, subsection 9, Code 2005, is  
1 11 amended to read as follows:  
1 12 9. a. The provisions of the Iowa consumer credit code,  
1 13 chapter 537, shall apply to consumer loans made by a credit  
1 14 union, and a provision of that code shall supersede any  
1 15 conflicting provision of this chapter with respect to a  
1 16 consumer loan.  
1 17 b. A credit union may offer voluntary debt cancellation  
1 18 coverage, whether insurance or debt waiver, to consumers. The  
1 19 amount charged for the coverage shall be included in the  
1 20 amount financed, as defined in section 537.1301. However,  
1 21 notwithstanding paragraph "a", the charge for such coverage  
1 22 may be excluded from the finance charge, as defined in section  
1 23 537.1301.

## EXPLANATION

1 24 This bill allows a state bank or credit union to offer  
1 25 voluntary debt cancellation coverage, whether insurance or  
1 26 debt waiver, to consumers. The amount charged for the  
1 27 coverage is required to be included in the amount financed, as  
1 28 defined in Code section 537.1301. However, contrary to the  
1 29 Iowa consumer credit code, the charge for coverage may be  
1 30 excluded from the finance charge, as defined in Code section  
1 31 537.1301.  
1 32 LSB 6413XC 81  
1 33 eg:rj/cf/24  
1 34